

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAJ-01

IO-10 AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01

CEA-01 COME-00 FEAE-00 AGR-05 /094 W

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R 061610Z JAN 76

FM AMEMBASSY BERLIN

TO SECSTATE WASHDC 1880

INFO AMEMBASSY BELGRADE

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY SOVIA

AMEMBASSY WARSAY

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E.O. 11652: N/A

TAGS: ECON, UR, GE

SUBJECT: GDR, USSR CONCLUDE TRADE AGREEMENTS

SUMMARY: AGREEMENTS ON GDR-USSR TRADE FOR 1976 AND  
1976-80 WERE SIGNED DECEMBER 31. A NEUES DEUTSCHLAND  
REPORT SKETCHES CATEGORIES OF MANUFACTURED GOODS TO BE  
TRADED AND SAYS THE GDR WILL PURCHASE SATISFACTORY LEVELS  
OF RAW MATERIAL IMPORTS WITH INCREASED PARTICIPATION IN  
CEMA RESOURCE PROJECTS IN THE USSR. THE REPORT PRESENTS  
A FIGURE FOR TOTAL GDR-USSR TRADE TURNOVER IN  
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THE NEW FIVE-YEAR PLAN PERIOD LOWER THAN THAT USED IN RECENT

REPORTS, END SUMMARY:

1. NEUES DEUTSCHLAND JANUARY 1 REPORTS THE SIGNATURE THE DAY BEFORE IN MOSCOW BY FOREIGN TRADE MINISTERS SOELLE AND PATOLICHEV OF TWO TRADE AGREEMENTS: THE ANNUAL BILATERAL TRADE PROTOCOL FOR 1976 AND AN AGREEMENT COVERING TRADE OVER THE COURSE OF THE NEW FIVE-YEAR PLAN 1976-80. THE NEUES DEUTSCHLAND REPORT CONCENTRATES ON THE FIVE-YEAR AGREEMENT, SAYING NOTHING ABOUT THE CONTENT OF THE 1976 TRADE PLAN.

2. THE FIVE-YEAR AGREEMENT IS SAID TO CALL FOR "IN EXCESS OF" 31.5 BILLION RUBLES IN TWO-WAY TRADE OVER THE PERIOD "TAKING INTO ACCOUNT PRICE CORRECTIONS". THE EMBASSY NOTES THAT THIS FIGURE DIFFERS FROM FIGURES PUBLISHED PREVIOUSLY FOR GDR-SOVIET FIVE-YEAR TRADE TURNOVER. AT THE TIME OF SIGNATURE OF THE GDR-USSR FIVE-YEAR PLAN COORDINATION AGREEMENT IN JULY (BERLIN 6088) PLANNED TRADE WAS GIVEN AS 130 BILLION VAUTA MARKS IN 1974 CEMA PRICES, OR 28 BILLION RUBLES. THE POLITUBURO REPORT TO THE 16TH PLENUM IN NOVEMBER (BERLIN 6871) STUCK WITH THIS FIGURE, ADDING THAT IT IS THE EQUIVALENT OF 40 BILLION RUBLES IN NEW CEMA PRICES. WE HAVE NO EXPLANATION FOR THE DISCREPANCY BETWEEN THE 40 BILLION RUBLES GIVEN EARLIER AND THE 31.5 BILLION IN THE PRESENT REPORT, AND NOTE ONLY THAT EITHER CHANGES HAVE BEEN MADE IN THE PLANNED TRADE VOLUME, OR IN THE PRICES USED IN GDR-USSR TRADE, OR BOTH SINCE THE LAST GDR PUBLIC STATEMENT ON THIS SUBJECT LESS THAN TWO MONTHS AGO.

3. ACCORDING TO THE ND REPORT, GDR EXPORTS TO THE USSR IN THE NEXT FIVE YEARS WILL INCLUDE DATA PROCESSING AND OFFICE EQUIPMENT, EQUIPMENT FOR METALLURGY, RAILWAY CRANES, RAILWAY PASSENGER AND REFRIGERATOR CARS; AND AGRICULTURAL MACHINERY. PLANNED USSR EXPORTS ARE TO INCLUDE DIESEL LOCOMOTIVES, MACHINE TOOLS AND WOODWORKING MACHINERY, CARS AND TRUCKS, TRACTORS, DREDGES, ELECTRIC MOTORS, TEXTILE MACHINERY, AUTOMATION EQUIPMENT, AND EQUIPMENT FOR THE FOOD INDUSTRY.

4. "EXCEPTIONALLY IMPORTANT" USSR DELIVERIES OF FUELS AND RAW MATERIAL, INCLUDING PETROLEUM, NATURAL GAS, COAL LIMITED OFFICIAL USE

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AND COKE, FERROUS AND NON-FERROUS METALS, ASBESTOS, WOODPULP, WOOD, AND COTTON ARE TO BE MAINTAINED OR INCREASED. "IN ORDER TO MEET ITS INCREASING RAW MATERIALS NEEDS," THE GDR WILL PARTICIPATE IN INVESTMENT PROJECTS IN THE USSR AND IN THE PERIOD 1976-80 WILL SUPPLY MACHINERY, SERVICES, AND COMPLETE PLANTS FOR VARIOUS PROJECTS WHICH COME UNDER THE RUBRIC OF THE CEMA COMPREHENSIVE PROGRAM; AND THE USSR WILL BE DELIVERING OUTPUT FROM THESE PROJECTS BEFORE THE END OF THE

PLAN PERIOD. THE ND REPORT CONCLUDES BY MENTIONING THE  
MUTUAL DELIVERIES OF CHEMICAL PLANT, PRIMARY AND INTERMEDIATE  
CHEMICAL PRODUCTS, AND CONSUMER GOODS ARE TO RISE.

5. COMMENT: IT IS HARD TO SAY WHAT SIGNIFICANCE TO  
ASCRIBE TO THE NEW, LOWER OVERALL FIVE-YEAR TRADE FIGURE.  
TO THE EXTENT THAT EITHER A REDUCTION OF PROJECTED SOVIET  
IMPORTS OR A REPRICING AT LOWER LEVELS OF GDR EXPORTS  
ARE INVOLVED, IT IS BAD NEWS FOR THE GDR ECONOMY WHICH  
FACES THE CONTINUING PROBLEM OF GETTING HOLD OF NEEDED  
QUANTITIES OF RESOURCES FROM TH SOVIET UNION IN RETURN  
FOR A VOLUME OF GDR EXPORTS THAT LEAVES SOMETHING FOR THE  
DOMESTIC ECONOMY AND EXPORT TO THE WEST.COOPER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REPORTS, IMPORTS, RAW MATERIALS, TRADE AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BERLIN05011  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760004-0220  
**From:** BERLIN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760184/aaaacwzq.tel  
**Line Count:** 128  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14 APR 2004 by SmithRJ>; APPROVED <15 APR 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GDR, USSR CONCLUDE TRADE AGREEMENTS SUMMARY: AGREEMENTS ON GDR-USSR TRADE FOR 1976 AND  
**TAGS:** ECON, UR, GC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006